



93 West Main Street  
Clinton, CT 06413  
1-800-428-3985

**Connecticut Water Company  
Testimony Before the Commerce Committee  
February 24, 2011**

**RE: RB 1020 An Act Concerning Water Resources and Economic Development**

**The Connecticut Water Company joins with the Connecticut Water Works Association (CWWA) in urging the Committee to support RB 1020 *An Act Concerning Water Resources and Economic Development*. This bill is important to provide the necessary framework for streamflow regulations in Connecticut and ensure that they achieve and maintain the balance that was intended by the legislature in the original 2005 public act. To be clear, this bill does not interfere with the current process for developing regulations, and would only affect any subsequent phases or proposed regulations after the effective date. It would require compliance be prioritized as any approved regulations are implemented and establish parameters and considerations for any future regulations.**

We appreciate the Committee's interest in this important issue and thank the Chairs for writing to the Regulations Review earlier this year to oppose the previously proposed regulations. It was important to have the concerns about the potential impacts of the regulations and how they would affect Connecticut's economy highlighted.

The regulations DEP proposed would impose strict requirements on public water suppliers and other dam owners to release water daily from reservoirs into streams. Such requirements may have unintended and unacceptable consequences that could leave some communities with inadequate water supplies to adequately support existing customers, new construction, brownfields remediation, business expansion and other economic development. They could result in increased costs for businesses and residents throughout the state without necessarily providing meaningful or measurable environmental benefits.

Connecticut Water Company has been active in the stakeholder process since 2005, and remains committed to work to see that reasonable, legally defensible regulations are adopted that protect the rivers and streams of the state while providing for other necessary uses of the waters for public health, safety, agriculture and economic development. To that end, we are participating with DEP and other parties in a facilitated process to see if agreement can be reached on changes to the proposed regulations the Department had drafted which were overwhelmingly rejected by the Regulations Review Committee on two separate occasions. It is our sincere hope that we can find enough common ground to allow reasonable regulations to go forward at this time and then have this legislation to guide implementation and any future phases of regulations.

Regrettably, the stakeholder process used by DEP at the outset did not yield acceptable results. As recognized by members of the Regulations Review Committee, it is apparent there is a lack of trust and confidence between the participants and the Agency. Given the extent of disagreement over legislative intent, regulatory overreach by the Department in their original drafts, as well as recent statements by DEP that they intend to pursue additional streamflow regulations in a phased approach under the existing legislative authority, it is essential that the enabling statute be clarified and direction be given to the Department regarding the regulations. Accordingly, we believe RB 1020 raised by the Commerce Committee is an ideal vehicle to provide the necessary parameters for the next steps in the process to ensure that regulations can be adopted that address the broad concerns raised by the various stakeholders who have opposed the regulations to date.

The proposed legislation would do several important things, including:

1. Require that regulations be adopted in concurrence with the Department of Economic and Community Development, Department of Public Health, Department of Public Utility Control, and the Department of Agriculture to ensure that there is adequate consideration of the broader state-wide needs rather than just the environmental concerns typically under the purview of the DEP.
2. Provide necessary protections for public water supply safe yield, available supply and margin of safety to ensure there are sufficient water supplies available to meet the public health, safety, agricultural and economic development needs of the state. Without such provisions, the regulations could limit available supplies such that the water utility would not be able to meet their Department of Public Health regulatory obligations to have adequate supplies to meet the current and future water supply needs in their system.

Without an adequate margin of safety, a water utility may be forced to impose moratoriums on additional service connections, which would prevent development and adversely affect existing businesses and the economic vitality of a community. Unless there is specific consideration provided in the regulations, utilities could be required to develop additional supplies, regardless of whether it is technically or financially feasible or whether there are other regulatory restrictions that prevent the permitting of such additional supply.

3. Direct the DEP to conduct a screening, in consultation with DPH, to classify rivers and streams and establish priorities for compliance with stream flow regulations. The classification would consider:
  - input from other state agencies and stakeholders;
  - the impacts of such regulations on economic development, brownfields remediation, and the adequacy of public water supplies to meet current and future public health and safety needs of the communities served;
  - the impact on water rates and the anticipated environmental benefits from compliance;
  - require that rivers or streams adjacent to a public water supply source or in an area of significance for economic development be classified so as to allow for the continued use of the source for public water or economic development.

The screening and changes to the classification process would mitigate the significant uncertainty the regulated community currently has over how streams will be classified and what compliance will ultimately be required. Further, it would ensure that the regulations focus on those areas where there is the greatest need and potential environmental benefit.

4. Require the Department of Public Utility Control to provide ratemaking mechanisms for water companies to provide for timely recovery of the costs associated with compliance with the streamflow regulations. It is anticipated that compliance with the regulations, depending on how they are ultimately drafted, could require millions of dollars of investments by the water companies to provide for the necessary modifications to dams and structures to make required releases and develop additional supplies to offset lost capacity.

We suggest that in addition to the provisions in the proposed bill that provide ratemaking mechanisms to address the capital costs of compliance, the Committee may also want to consider language that would provide for ratemaking that actually promotes water conservation. Such rate design would provide an environmental benefit while eliminating the financial penalties for water companies who sell less water.

**Particularly in these challenging economic times, Connecticut needs to ensure any new environmental regulations are adopted with appropriate balance and due consideration to other state goals, including those providing for public health and safety, agriculture, brownfield remediation and economic development.**

Connecticut Water Company continues to support efforts to protect the state's rivers and streams and believes Connecticut can and will be a leader in this area by adopting reasonable, balanced legally defensible regulations that best protect the interests of all the stakeholders and the state.

**We commend the Commerce Committee for raising RB 1020 *An Act Concerning Water Resources and Economic Development* and urge its adoption.**

#### **About Connecticut Water Company**

Connecticut Water Company is a private water company that serves nearly 90,000 customers or more than 225,000 people in 55 towns in Connecticut. We have 200 employees dedicated to providing our customers and the communities we serve with quality water and service. We have 18 surface water supplies and 214 groundwater sources that serve our customers.

We are regulated by the Department of Public Health with respect to the purity and adequacy of our supplies, by the Department of Public Utility Control for rates and quality of service, and by the Department of Environmental Protection for environmental issues. We have a long history of regulatory compliance and stand ready to work with stakeholders to ensure the appropriate laws and regulations are in place to provide for public health, safety and service to our customers.

*For additional information or questions on our testimony please contact:  
Maureen Westbrook at 1-800-428-3985 x3055 or mwestbrook@ctwater.com*